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DIRECTORATE OF  
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USSR: Moscow's announcement that last year's grain crop amounted to about 185 million metric tons confirms previous claims by the leadership that 1970 would be a record year.

The previous high was 171 million tons harvested in 1966. The 1970 harvest probably will yield a net usable output of about 150 million tons, approximately 15 percent above the average level achieved in 1966-69 and ample to meet domestic needs and foreign commitments.

So far only 38 percent of the 1970 crop has been procured by the state, compared with 44 percent in 1966. If no more levies are made, this should allow a further improvement in feed supplies on the farms that should temporarily alleviate the general meat shortage of the past two years.

The failure to announce the record grain figure at the Supreme Soviet meeting in December was highly unusual, especially because party theoretician Suslov had publicly claimed a record in November. A fear of losing the increased resources allocated to the agricultural sector in 1971-75 could have been one of the major causes for soft-pedaling the successful harvest.

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POLAND-USSR: The new Polish leaders held their first talks in Moscow yesterday, even as their subordinates were dealing with some of the economic grievances that precipitated the change of regime in Warsaw on 20 December.

A press statement issued after the Moscow meeting suggests that it served chiefly as a formal expression of Soviet support for the new Polish leadership and of Warsaw's pledge to continue close cooperation with the USSR. Both Brezhnev and Kosygin conferred with Polish party leader Edward Gierek and Premier Piotr Jaroszewicz. Economic relations were almost certainly discussed; among other Soviet officials present were those in charge of economic planning and CEMA matters.

On Monday, an unusual nationwide conference of party secretaries decided in Warsaw to introduce, before the end of the month, more flexibility into Gomulka's recently-adopted system of material incentives, which was so unpopular with skilled workers. A few days earlier, the government earmarked funds to increase family allowances and to raise earnings of workers and pensioners in the lowest income groups. Planning Commission chief Majewski has also indicated that the plan for 1971 is being revised to provide more consumer goods and increased funds for housing construction.

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ALGERIA: Boumediene's visit to Libya late last month did little to end Algeria's isolation from other radical Arab states and may even have compounded it.

In a lengthy editorial that appeared shortly after the visit, Revolution Africaine, the weekly published by Algeria's only political party, the National Liberation Front, castigated the Arab "progressive bloc." In essence, the authoritative periodical accused--without naming--Egypt, Libya, Syria, and Sudan of a triple plot aimed at isolating Algeria, liquidating Palestinian resistance, and compromising the true unity of the Arab world. The purpose of the plot, the weekly said, was to eliminate Algeria as a main obstacle to a peace settlement.

The communiqué issued at the end of Boumediene's visit to Libya in late December implicitly confirmed, by its omissions, that the policy gap between the Algerian and Libyan leaders was unaffected by his visit. Having apparently failed to weaken Libya's allegiance to Egyptian leadership or to win Libyan understanding of Algiers' aloof position, Boumediene may have decided that the best tactic is to attack the quadripartite bloc, meanwhile emphasizing Algeria's role as champion of the Palestinians and implacable enemy of Israel.

Ever since the Libyan coup of September 1969, the Algerian leadership has taken an ambivalent view of the revolutionary regime in Tripoli. Algiers would like to wean Libya away from Egyptian influence and induce the Libyans to play an active role in the Maghreb, where they would serve as a counterweight to Western-oriented Tunisia and Morocco. At the same time, the Algerians distrust Libyan Prime Minister Qadhafi and are wary of being drawn into "pan-Arab arrangements" in which Egypt has a major voice and in which Syria is embroiled.

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HAITI: President Duvalier's speech on Ancestors' Day, 2 January, reinforces earlier indications that he has chosen his only son Jean-Claude to succeed him.

Noting that his November illness and Jean-Claude's assumption at that time of certain official duties had prompted planning to fill the presidency should it become vacant, Duvalier said that it has long been his intention to transmit power to "the young." He said he plans to select, groom, and guide a leader capable of continuing the revolution, and that he is contemplating taking legal steps to ensure that his chosen successor cannot be prevented from taking office "when the time comes."

Although Duvalier did not specifically name Jean-Claude as his political heir, his remarks as reported in the government-controlled press are clearly intended to notify politicians of his decision and to condition the public to accept it.

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CEYLON: The recent take-over of foreign-owned bunkering facilities will increase the government's foreign exchange earnings.

The government has acted to ensure cooperation of the major oil companies, which now hold contracts with shipping companies for their fuel, by paying compensation for the assets taken over. The government also is offering generous terms for bunkering service contracts with the oil companies. An Esso official states that a draft agreement providing Esso with substantial tax-free profits on future bunkering is advantageous to Esso. Similar agreements are likely to be signed with Shell and Caltex.

Ship owners, however, are apprehensive about possible labor disputes and inefficient management, which are characteristic of Ceylon's state enterprises. These concerns, coupled with recent increases in port charges, may cause some ships to seek alternate sources of fuel. Thus, Ceylon's annual earnings could be less than the \$3.4 million anticipated.

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NOTES

CHILE - COMMUNIST CHINA: The two countries have established diplomatic relations. According to a communique issued yesterday, relations were effective 15 December, and ambassadors are to be exchanged as soon as possible. Chile "took note" of the Communist claim to Taiwan, and Nationalist China promptly broke relations. Communist China has had a trade mission in Santiago since 1965, and North Korea opened one in November. Cuba is the only other Latin American country with diplomatic ties to Peking.

\* \* \* \*

JAMAICA-GUYANA: Prime Minister Shearer and other leaders have told the US ambassador that domestic political pressure will force Jamaica, albeit reluctantly, to seek majority control over the foreign-owned bauxite industry if Guyanese Prime Minister Burnham's current efforts in the same direction are successful. Guyana resumed negotiations yesterday with the Demerara Bauxite Company, a local subsidiary of the Aluminum Company of Canada. Guyana is seeking 70-percent control and has threatened to nationalize the industry unless it meets the government's terms. Jamaica is the world's leading exporter of bauxite. US investment totals about \$700 million in Jamaica and nearly \$150 million in Guyana.

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